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SHULTZ BACKS AID TO FOES OF SOVIET

By BERNARD GWERTZMAN
Special to The New York Times

LONDON, Dec. 10 — Secretary of State George P. Shultz said today that members of the Atlantic alliance should not shrink from using all kinds of aid, including covert assistance, to advance their diplomatic goals.

In a major speech to the Pilgrims Society, a British-American group here, Mr. Shultz seemed bent on persuading Washington's European allies to support the approach being followed by Washington in such areas as Afghanistan, Nicaragua, Cambodia, and now Angola. Both secret and open aid is being supplied to anti-Communist rebels there in the absence of diplomatic solutions.

Aid to Angolan Rebels

He said that the United States and its "European friends" have had "tactical differences" over the correct mix of "power and diplomacy."

His remarks came as the Reagan Administration was threatening to provide covert aid to rebels in Angola. Reportedly it would be used as leverage in negotiations to bring about a solution in southern Africa, including the withdrawal of Cuban troops from Angola. The Administration is also considering seeking Congressional backing for military aid to the Nicaraguan rebels, in the wake of charges that Cubans are increasingly involved in the fighting there on behalf of the Nicaraguan Government.

Mr. Shultz said that "diplomacy is unlikely to work unless there is effective resistance."

He said the West should be flexible in what it does. "Sometimes we should give military and economic assistance to neighboring states that are threatened; sometimes we should extend moral or humanitarian or other kinds of support to those resisting," he said. "Sometimes help may be better given without open acknowledgement; covert action has been part of the arsenal of states since time immemorial, providing a means of influence short of outright confrontation."

"We should be prudent, realistic, and always cognizant of the political dimension of the problem," he said. "Nevertheless, the factor of power is inescapable."

"For diplomacy does not depend on good will alone," he said. "It does not depend on good intentions alone. Sometimes it depends on single-mindedness and will."

He chided those European countries — and by implication, Arab nations such as Egypt and Jordan — that want to bring the Palestine Liberation Organization into Middle East peace negotiations before it has publicly accepted Israel's right to exist and United Nations Security Council Resolutions 242 and 338, which are widely regarded as laying the basis for such negotiations.

Earlier, in an airborne news conference on his way to London and the start of a nine-day European trip, Mr. Shultz acknowledged that American efforts to promote the start of Israeli-Jordanian peace talks by the end of this year had not been successful.

"The peace process is very much alive in everyone's view, but it continues to be a problem of how to get closer in bringing about the direct discussions that we feel in the end have to be the way to go."

Issues in Dispute

He said the major "sticking points" were two: Resolving the question of which Palestinians should be allowed to participate on the Jordanian side, and what kind of international setting should be established for the talks.

The Jordanians and Egyptians believe the P.L.O. has to be involved, but so far, the P.L.O. has refused to make the statements on acceptance of Israel that would meet American conditions. There is no indication that Israel would agree to any P.L.O. figures at the table. The Jordanians also want the Russians, and now, the Syrians, to be present at the talks, and Israel and the United States want the Russians first to restore relations with Israel.

"We have discussed those matters a great deal," he said. "A fair amount of headway has been made on them, but on the other hand, we are not there, and these are very difficult issues for everyone and so it is hard."

"We certainly hoped we might get there by the end of the year, but the issues are still there, they're unresolved," he said.

'Gestures' to P.L.O. Opposed

In his speech, Mr. Shultz took note of the argument of those who assert that the P.L.O. had become "more moderate" by saying that until it renounces armed struggle and accepts the conditions set by Washington, there was no point in making "gestures" to the P.L.O.

"The P.L.O. is not entitled to any payment in advance so long as it rejects what are, after all, the basic premises of the peace process," he said. Seeming to justify Israel's refusal to deal with the P.L.O., Mr. Shultz said, "A country cannot be expected to make concessions to those who resort to terrorism and who treat negotiation as only a way station on the road to its ultimate destruction."

"If P.L.O. policy changes, that fact will be acknowledged," he said. "We have always said this. Unlike some of our European friends, however, we feel that gestures toward the P.L.O. while it has not accepted 242 and 338 only mislead its leaders into thinking their present inadequate policy is gaining them international acceptance and stature."

Mr. Shultz also returned to one of his favorite themes of recent months — his belief that a major "intellectual shift" is taking place in the world, under American leadership, on dealing with economic problems. He said, "There is a new skepticism about statist solutions, central planning and government control," due, in part, to "the extraordinary vigor of the American recovery."

End of Industrial Age

He said that the "industrial age is coming to an end," to be replaced by economies based more and more on information technologies.

Because of this, he predicted that Communist countries would be particularly hard hit, because "the flow of information requires freedom of thought and communication."

"The Communist rulers thus face an excruciating problem," he said. "They remember the power of the Ayatollah's message on tape cassettes in Iran; they fear the photocopying machine as a dangerous instrument to be kept under lock and key. The more they try to stifle these technologies, the more they are likely to fall behind in this movement from the industrial to the information age; but the more they permit these new technologies, the more they risk their monopoly of control over information and communication."

Mr. Shultz also met briefly with Prime Minister Margaret Thatcher and later with the Foreign Secretary, Sir Geoffrey Howe. In the meeting with Mrs. Thatcher, they agreed on the need to pursue negotiations in Geneva with urgency when the talks resume, and to seek progress in the Middle East.

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